

ADDENDUM

**An Application For An
Idaho Community Development Block Grant**

Shoshone County

**Central
Shoshone
County
Water
District**



Water Meter Installation

March 6, 2009

By:

Jon Cantamessa, Chairman
Shoshone County Commission

and

Duane Little, Chairman
CSCWD

COMMISSIONERS:

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County of Shoshone

700 BANK STREET, SUITE 120
WALLACE, IDAHO 83873-2348

March 3, 2008

Mr. Donald Dietrich, Director
Idaho Department of Commerce
PO Box 83720
Boise, ID 83720-0093

RE: Water Meter Installation – Central Shoshone County Water District

Dear Director Dietrich:

On behalf of the Central Shoshone County Water District, thank you for the invitation to submit an addendum for our Idaho Community Development Block Grant for installation of water meters. The information contained in the Addendum addresses the items in your invitation letter of January 20, 2009.

Despite the current water bills of \$40 per month and projected bills of \$50 per month, the District does not have adequate funds to complete this project. As a result grants are necessary to fund this work. The ICDBG funds will be dedicated to Smelterville and Kellogg where the majority of low income rate-payers live. Without ICDBG assistance the District will be unable to meet the consent order timeline and will be forced to dedicate a significant portion of their staff to meter installation instead of maintenance. Water usage will continue to increase and the current system will be unable to keep up with demand, leading to low system pressures and potential human health impacts. The impacts to low income households will be debilitating due to excessive flat water rate bills.

The scope of work and budget for this project has not changed since submission of the November 2008 Application. Matching funds for this project include \$1,239,057 IDEQ loan funds, \$200,000 District Cash, \$490,461 in previous expenditures by the District and \$3,000 from Shoshone County for the Audit.

Thank you for your consideration to our grant request.

Sincerely,


Jon Cantamessa, Chairman

Cc: Tim Komberec, Region I EAC Member
CJ Buck, EAC At-Large Member

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APPENDICES:

A	Match Commitment <ul style="list-style-type: none">• DEQ Letter
B	Additional Cost Per User Analysis
C	Water Rates <ul style="list-style-type: none">• CSCWD Meeting Minutes
D	Civil Rights <ul style="list-style-type: none">• Fair Housing Resolution• Affidavit of Publication
E	Rate Analysis

I. ICDBG Application Information Form

Applicant: Shoshone County Chief Elected Official: Sherry Krulitz
Address: 700 Bank Street, Wallace, ID 83873 Phone: 208-752-3331

Subrecipient: Central Shoshone County Water District Chief Elected Official: Duane Little
Address: 409 Main Street, Kellogg, ID 83837 Phone: 208-786-9141

Application Prepared by: Nancy Mabile, ED Planner Phone: 208-772-0584, x3014
Address: Panhandle Area Council, 11100 N. Airport Drive, Hayden, ID 83835

Engineer: Steve James, PE Phone: 208-762-8787
Address: J-U-B Engineers, Inc., 7825 Meadowlark Way, Coeur d'Alene, ID 83815

National Objective

- ☒ LMI Area ☐ LMI Clientele
☐ LMI Jobs ☐ Slum & Blight
☐ Imminent Threat

Project Type

- ☒ Public Facility/Housing ☐ Community Center
☐ Economic Development ☐ Senior Center
☐ Imminent Threat

Project Population to Benefit (Persons):

Total # to Benefit: Est. 5,290 Total # LMI to Benefit: 231 (based on random income survey)
% LMI to Benefit: 53.72% % Minority Population: 4 %

Project Description:

Installation of 1,150 water meters in the predominantly LMI areas of the Central Shoshone County Water District of Kellogg and Smelterville.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTS IN APPENDIX
ICDBG	\$500,000				
Local Cash	\$200,000			11/18/07	G (11/08 App)
Local Loan*	\$1,239,057	7/1/05	11/1/05	3/1/06	A
Local In-Kind**	\$3,000			11/18/08	Cover Letter
USDA RD Grant					
EDA Grant					
State Grant					
Other: previous expenditures	\$490,461			11/07 – 11/08	G (11/08 App)
SUBTOTAL	\$2,432,518				
Other: Bond for Filtration Plant	\$10,800,000	Est. 08/07	12/07	Est. 12/08	G (11/08 App)
TOTAL PROJECT	\$13,232,518				

* Identify Loan Source(s): DEQ Date Bond or Necessary & Ordinary Passed: 9/7/05 & 8/05/08

** Describe In-Kind match by type (i.e., materials, labor, waived fees, land value) and amount.

Inkind match includes the audit to comply with the Single Audit Act

VII. ICDBG Budget Form

Applicant/Grantee: Shoshone County				Project Name: CSCWD Water Meter Installation				
Line Items	ICDBG Cash	District Cash	County In-Kind	DEQ SRF Loan	District Previous Expenditure	SUBTOTAL	OTHER: DEQ SRF Loan	TOTAL
Administrative	\$50,000					\$50,000		\$50,000
Land, Structures, Rights of Way						\$0		\$0
Engineering		\$82,000				\$82,000		\$82,000
Meter Purchase				\$368,057		\$368,057		\$368,057
Construction	\$450,000	\$118,000		\$861,000	\$490,461	\$1,919,461	\$10,610,000	\$12,529,461
Interim Financing				\$7,500		\$7,500	\$175,000	\$182,500
Legal (Bond)				\$2,500		\$2,500	15,000	\$17,500
Audit			\$3,000			\$3,000		\$3,000
TOTAL COSTS	\$500,000	\$200,000	\$3,000	\$1,239,057	\$490,461	\$2,432,518	\$10,800,000	\$13,232,518

II. Economic Advisory Council

The Central Shoshone County Water District currently serves 2,500 connections in the Cities of Smelterville, Kellogg, Osburn and in a number of unincorporated areas of the Silver Valley. This is currently the largest unmetered system in the state of Idaho. It is also the largest system in Idaho that has been identified as having an unfiltered surface water supply.



These two factors have caused the District to be under an Idaho Department of Environmental Quality (IDEQ) consent order since 1995. A Water System Master Plan was developed in October 2005 by JUB Engineers, Inc. The problems with the District's water system are so large that the Master Plan is segregated by Volumes to address capacity, storage, filtration and metering.

The District has struggled to simply maintain its system so has not been able to make the necessary improvements required to bring the system into compliance with the Idaho IDEQ rules for public drinking water systems. Compounding its current financial difficulties, the lack of meters has resulted in patrons using an excessive amount of water per capita. This combined with the significant rise in electricity and chemical costs have greatly increased operating costs, diverting resources from required capital projects. Both factors have put the District in the position of having to make major improvements to keep their system viable with very limited resources. Despite the measures taken to date, the District has a funding gap to bring the water system into compliance with IDEQ and the District's consent order.

The District is currently resolving its unfiltered water supply by installing a water filtration system in 2009 with a \$10,800,000 bond approved by the voters in August 2008. Future growth will be accommodated through reducing flows or adding treatment units to expand capacity. Flow reduction is best accomplished through use of individual water meters that bill each rate-payer for the amount they use.

The Idaho Department of Commerce has long worked to help communities develop the infrastructure they need to serve future generations. No aspect of this is more important than strengthening a community's fiscal strength. By its very nature, this meter project has the potential to do more long term good for the Silver Valley than the small investment in equipment, materials and concrete. This project is a key part of the District's push to meet current standards in a cost-effective and sustainable manner. With meters in place, the District can charge its rate-payers the true cost of service and implement a fair, equitable rate system. This project will also give the District the ability to grow, helping decrease the rate burden on low income residents.

Despite the current water bills of \$40 per month and projected bills of \$50 per month, the District does not have adequate funds to complete this project. An income survey of the District identified 53.72% low to moderate-income (LMI) residents. Although the mining companies have resumed activities increasing employment opportunities, less than a year after the Sunshine Mine reopened production stopped and 60% of the workforce was laid off. A month later, in October 2008, the Galena Mine Complex trimmed 45 employees. December unemployment in the County took a leap back into the double digits at 13.3%--a substantial increase from a 4.9% unemployment rate just one year ago.

The ICDBG funds will be dedicated to Smelterville and Kellogg where the majority of low income rate-payers live. Without ICDBG assistance the District will be unable to meet the consent order timeline and will be forced to dedicate a significant portion of their staff to meter installation instead of concentrating on operation and maintenance. Water usage will continue to increase and the current system will be unable to keep up with demand, leading to low system pressures and potential human health impacts. The impacts to low and moderate-income households will also be debilitating due to excessive flat water rate bills.

Matching funds for this project include \$1,239,057 IDEQ loan funds, \$200,000 District Cash, \$490,461 in previous expenditures by the District to purchase meters (photo above), and \$3,000 Shoshone County for the Audit.

VIII. Detailed Cost Analysis

1. Have preliminary plans and specs been submitted to regulatory agencies for review? ☒ Yes ☐ No
Plans and specifications have been submitted for the original meter purchase. The meter installation will be done either through a unit price bid process where the unit prices are clearly defined for each major element (i.e., meter box installation, service line replacement, etc.).
If yes, list date submitted: Fall, 2006 (meters)
If no, list expected date to be submitted: June 2009 (meter installation)
2. Has final design (for bidding) begun? ☐ Yes ☒ No
If yes, % complete: _____
If no, what is expected start date: April 2009
3. Will project include bid alternatives to meet project budget if necessary? ☒ Yes ☐ No
4. Are Davis-Bacon wage rates applicable to the project? ☒ Yes ☐ No
Davis Bacon will be applicable to the contractor's portion, but not the force account work.
If yes, are they included in the project costs? ☒ Yes ☐ No
5. Have known environmental measures been included in the project costs? (e.g., dust mitigation, archeological survey, storm water drainage, wetland mitigation, etc.) ☒ Yes ☐ No
6. What will expected construction contingency be at final design? 10%.
Since the contract will be unit price, the overall cost will be easier to control.
7. List the last date the owner and design professional discussed project design and details: February 9, 2009
8. Design Professional Cost Estimate may be found on page 6.


IX. Project Schedule

Project Activity	Date (to be) Completed	Documentation in Appendix
Grant Administrator Procured	November 2008	–
Engineer/Architect Procured	January 2000	–
Other Funding Secured	July 2008	–
Permits Identified & Secured	N/A	–
Subrecipient Agreement Drafted	November 2008	–
Environmental Review Complete	May 2009	–
Complete 504 Requirements	August 2009	–
Complete Fair Housing Requirements	August 2009	D
Bids Advertised	June 2009	–
Start Construction	July 2009	–
Second Public Hearing	September 2009	–
Certificate of Substantial Completion	December 2009	–
Closeout	January 2010	–

**CENTRAL SHOSHONE COUNTY WATER DISTRICT - 2008 GRANT APPLICATION
WATER SYSTEM METERING PROJECT**

40% CONTRACTOR & 60% DISTRICT FORCES

ENGINEERS OPINION OF PROBABLE COST

ITEM NO.	DESCRIPTION	QUANT.	UNIT	UNIT PRICE	TOTAL COST
1	METER INSTALLATION - CONTRACTOR				
2					
3	3/4" residential meters	431	EA	\$ 142	\$61,202
4	1" residential meters	29	EA	\$ 196	\$5,684
5	3/4" Materials	431	EA	\$ 535	\$230,477
6	1" Materials	29	EA	\$ 713	\$20,677
7	Labor	1840	HR	\$ 65	\$119,600
8	Equipment	920	HR	\$ 100	\$92,000
9	ICP requirements	460	EA	\$ 45	\$20,700
10	Curb/gutter/sidewalk repair	140	SY	\$ 50	\$7,000
				Subtotal	\$557,340
1	METER INSTALLATION - DISTRICT (FORCE ACCOUNT)				
2					
3	3/4" residential meters	647	EA	\$ 142	\$91,874
4	1" residential meters	43	EA	\$ 196	\$8,428
5	3/4" Materials	647	EA	\$ 465	\$300,855
6	1" Materials	43	EA	\$ 620	\$26,660
7	Labor	2760	HR	\$ 55	\$151,800
8	Equipment	1380	HR	\$ 50	\$69,000
9	ICP requirements	690	EA	\$ 40	\$27,600
10	Curb/gutter/sidewalk repair	210	SY	\$ 50	\$10,500
				Subtotal	\$686,717
		Construction Subtotal			\$1,244,057
		Mobilization and Bonding			\$60,000
		Contingency			\$120,000
		Total Construction			\$1,424,057
		Contract Document Preparation			\$40,000
		Construction Administration			\$42,000
		Legal/Interim Financing			\$7,500
		Legal (bond)			\$2,500
		Subtotal Soft Costs			\$92,000
		Total Project Cost \$1,516,057			
J-U-B ENGINEERS, Inc. 7825 Meadowlark Way, Coeur d'Alene, ID 83815 Ph (208) 762-8787 - Fax (208) 762-9797					

V. Addendum Checklist Requirements

A. **LOCAL AND OTHER MATCH**

Provide written evidence of the community's ability to secure the local and other match committed to the project. This must be a letter or contract from the entity providing the match. If the community has passed a bond, provide a commitment letter from the purchasing entity which stipulates the date of purchase and purchase amount.

The citizens within the boundaries of the Central Shoshone Water District approved a \$3,860,000 bond to complete the improvements. A letter of commitment from the Idaho Department of Environmental Quality (IDEQ) verifying the amount is located in Appendix A.

B. **CLEAR TITLE**

Provide documentation of clear title and the value of any property that has been purchased.

This is not applicable to this project. All meters will be installed within public right-of-way in the Cities of Kellogg and Smelterville.

C. **DETERMINATION OF RATES**

Provide pro forma or underwriting assessment by the lending agency on how rates were determined for sewer and water system projects. Show the difference in the rate with ICDBG funding and without ICDBG funding. Clearly state whether or not the new rates have already been adopted. If they have not been adopted, include a timeline for implementing them.

The rates were determined through an evaluation of the system expenditures and the existing rates. To repay the overall bonds and cover increased operations and maintenance costs, the rates will need to increase by \$29.72 to a total monthly water rate of \$59.72 per customer. This assumes no additional funding assistance is received from IDEQ through the Disadvantage Loan program.

A cost per user analysis was prepared by J-U-B Engineers that determined the rates with and without ICDBG funding specifically for the metering project. The Additional Cost Per User analysis, located in Appendix B, identifies a savings of \$13.14 per year per customer with the ICDBG funding. This savings is in addition to the reduced costs resulting from the District installing the meters with District staff. The District has 6 full time employees, one of whom is dedicated to meter installation and others that assist as time allows. This is estimated to halve the installation costs. Over the past two years, they have installed 565 of the 2,500 meters and can install meters at the rate of 400-500 per year. The District's consent order with IDEQ requires them to complete all meter installation by 2011. Unfortunately, they are not able to meet this deadline with current staff and need the ICDBG assistance in order to comply with the consent order.

The Central Shoshone County Water District adopted the water Rates on December 8, 2008. A copy of the meeting minutes is provided in Appendix C.

D. DETERMINATION OF LOAN AMOUNT

Provide pro forma or underwriting assessment by the lending agency on how loan amounts were determined for a fire station or infrastructure to housing projects.

This is not applicable to this project.

E. FAIR HOUSING RESOLUTION

Provide documentation that a Fair Housing Resolution has been adopted and publicly advertised before the addendum deadline of March 6, 2009.

The Fair Housing Resolution for Shoshone County was re-adopted on January 28, 2009. The County published the resolution summary on February 5, 2009 in the Shoshone News-Press. The Resolution and Affidavit of Publication are located in Appendix D.

F. SCOPE OF WORK CHANGES

Identify in writing any changes to the project's scope of work from the original application.

There are not any changes to the project scope of work from the November 2008 application.

G. COVER LETTER QUESTIONS

Answer the questions and provide documentation to the questions from the cover letter.

"The district will need to provide a rate review with the addendum submission. This documentation was absent in the application phase."

A Financial Analysis was performed by Tim Wendlend, IDEQ and is included in Appendix E.